

2000 Annual Report

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Chairman's Report

What a year we had!

I am delighted to be able to advise an excellent year's results to members, emanating, in part at least, from the decision made some 2 years ago to move to Sector Specialist Investment Managers.

Details of the earnings achieved from each sector, and the respective yields credited to members' accounts, are set out within this report. It is well worth noting that the **Balanced Option achieved a net yield of 10%**, which was the 2nd best result of some 50 Investment Managers operating in the Australian marketplace.

The extensive range of investment options which can now be accessed by mixing and matching the eight basic options is being increasingly utilised by members, who are realising the importance of becoming involved with the enhancement of their own retirement accounts.

Technology is advancing rapidly, and we are making our own foray into the world of E-Commerce through our interactive website so that members can access details of their personal accounts 24 hours a day - 7 days a week. This is a major advance and, on the evidence available to me, makes CSSF one of the very few funds in Australia providing such a member service.

During the year Division C was closed and members transferred to Division A - a move designed to improve efficiency, reduce costs and provide improved service to members.

A range of other improvements have been implemented during the year and worth special mention is the appointment in June 2000 of a Tactical Asset Allocation Manager - **Tactical Global Management Ltd.**

Details appear elsewhere in this report, but their contribution since appointment has been of great value.

During the year Mr Frank Johnson and Mr Hume McGrath resigned from the board, and the effort of each in contributing to board discussions and actions is very much appreciated. Mr Johnson was an Independent Director and will not be replaced. Mr Ted Collins of Gippsland Grammar replaces Mr McGrath and we look forward to his contribution.

My thanks go to all directors, all of whom have substantially increased their workload to cover the increased complexity and responsibility of associated with trusteeship of superannuation funds. In recognition of that responsibility, as well as general movement in the industry, the Trust Deed was amended during the year, with court approval, to allow for payment of fees to directors (and/or employees) and such costs are now included in the financial accounts.

Change is a never ending element in the superannuation area, and something with which we must all exist and develop. In my report last year I said that free and fair competition is the lifeblood of any economy, and to meet that your directors must be constantly alert to any possibilities that arise.

Your board retains as its prime objective the growth and safety of members' interests, and we must continue to build on that so that CSSF is synonymous with the independent education sector and with the best there is in superannuation.

Please take time to read the whole of this Annual Report and bring yourself with our achievements and developments.

J R Evans

Chairman.

Investment Results

Excellent results rank CSSF at the TOP!

The following results, net after all charges and tax, have been achieved and rank CSSF as one of the best performing superannuation funds in Australia.

CSSF Return	
Australian Shares	11.4%
International Shares	7.1%
Fixed Interest	9.9%
Property	13.3%
Balanced	10.5%
Capital Stable	8.4%
Ethical	5.5%
Cash	4.5%

The directors have declared a return of 10% for Balanced Fund members, with the balance of earnings transferred to the Investment Fluctuations Reserve. The 5 year average rate for the Balanced Fund is 10.5% which is 8.5% in excess of the 5 year CPI rate of 2% p.a. These excellent results mean that members' benefits, by growing at rates substantially greater than inflation, will have a greatly increased purchasing power in retirement.

Members who have selected specific sector options will be credited with earnings at the rates listed.

It is worthwhile noting that the superior CSSF returns compare extremely favourably to the median marketplace returns in the main Equity and Balanced options.

	CSSF	Median
Australian Shares	11.4%	8.04%
International Shares	7.1%	4.17%
Balanced	10.0%	6.6%

Results were driven by excellent performance from our 2 Australian Equity Managers (Maple Brown Abbott, and Colonial First State), our Property Manager (HSBC) and one of our International Managers (Bank of Ireland).

During the year 2 additional managers were appointed. Fidelity Asset Management was given a mandate to manage 50% of the International Equity portfolio, and Tactical Global Management (TGM) was appointed to manage Tactical Asset Allocation. The latter is a specialist risk management technique which uses derivatives to establish global currency, equity and bond overlays, thereby increasing (decreasing) the exposure of the fund to those sectors, in accordance with prevailing market conditions.

Asset Allocation

The asset allocation for the Balanced Fund 2000

	2000	1999
Australian Shares	38%	38%
International Shares	26%	21%
Fixed Interest	21%	23%
Property	11%	9%
Cash	4%	9%

For comparative figures refer to Asset Allocation in the 1999 Annual Reports.

The Fund's Finances

The financial Statements of CSSF for the year ended 31st December 2000 are summarised below. At the time this report was prepared, BDO Nelson Parkhill, Chartered Accountants, were completing their audit. If there is any material change to these accounts a separate advice will be forwarded to all CSSF members.

Operating Statements for the year ended 31st December 2000

	2000(\$)	1999(\$)
Revenue		
Employer contributions	12,625,577	9,139,442
Member contributions	1,646,849	1,888,777
Transfers from other funds (inc. Division C)	9,745,990	5,019,662
Investment	14,591,252	11,383,680
Insurance claims	229,735	132,925
TOTAL REVENUE	38,839,403	27,564,486
Expenditure		
Administration	428,142	416,264
Audit	47,103	37,375
Directors' fees	84,376	0
Insurance premiums	864,409	790,805
Insurance claims	208,153	132,925
Investment management	277,823	322,836
Secretarial	195,894	131,835
Other operating	295,634	212,148
TOTAL EXPENDITURE	2,401,534	2,044,188
<i>Benefits accrued before tax</i>	36,437,869	25,520,298
Surcharge deducted	165,251	0
Income tax expense	<u>2,711,279</u>	<u>1,868,317</u>
<i>Benefits accrued after tax</i>	33,561,339	23,651,981
Less benefits paid/payable	<u>10,897,510</u>	<u>17,151,295</u>
<i>Benefits accrued as a result of operations</i>	22,663,829	6,500,686
Plus Members' funds at beginning of year	124,518,995	118,018,309
MEMBERS' FUNDS AT END OF YEAR	147,182,824	124,518,995

(continued)	2000(\$)	1999(\$)
Statement of net assets as at 31st December 2000		
Investments	146,627,725	130,388,937
<i>Other assets</i>		
Cash	5,621,520	3,275,208
Contributions receivable	811,897	472,163
Revenue receivable	1,003,966	773,877
Other	93,055	33,715
TOTAL ASSETS	154,158,163	134,943,900
<i>Less liabilities</i>		
Expenditures payable	207,387	229,728
Benefits payable	4,952,237	9,166,488
Current income tax	973,645	-100,963
Deferred income tax	842,070	1,129,652
TOTAL LIABILITIES	6,975,339	10,424,905
NET ASSETS	147,182,824	124,518,995

Further Information

Many great moves were made within CSSF during the year 2000. Check out the following:

- ▼ E-commerce
- ▼ Death & Disablement
- ▼ Allocated Pensions
- ▼ Home Loans
- ▼ Personal Benefit Account

E-Commerce

CSSF's history of leadership in the Independent sector continues as we become the first to offer members and employers access to web based technology.

Members: Upon registering and receiving their personal pin number can access a range of information related to their personal account, such as -

- Current account Balance
- Current beneficiary*
- Current investment options*
- Current levels of life cover*
- Projected benefit calculations
- Many other items

* Changes can be processed immediately by clicking on the appropriate icons within the website pages.

Employers: will have the ability to remit schedules of contributions; new members; terminating members; and more by email.

This site will also be a repository of a wealth of associated information on superannuation. Members will be able to access a mass of background material to assist them not only with a better understanding of legislation, but a better ability to plan ahead with confidence.

Death & Disablement Benefits

\$586,872 was paid out to members and /or their dependents during the year to assist in the financial restructuring of families following difficult, often tragic circumstances.

In addition we have negotiated more favourable rates for the forthcoming year which will see reductions of between 10-20% in premiums.

Allocated Pensions

The governments move towards encouraging "self funded retirees" means that members can now leave their accumulated savings within a fund and draw down a regular income with significant tax advantages.

CSSF provide a total service which is specifically designed around your overall needs, and fully flexible to adapt to life's changing circumstances. For more details refer to our Spring 2000 newsletter.

Home Loans

Through participating in Members Equity, an organisation specifically established to provide Home Loans to members of participating funds, we have had some 20 members take up loans totalling in excess of \$1.5 million, at extremely competitive rates.

For more information please contact Sann Bell on (03) 9605 6146.

Personal Benefit Account

The fact that in excess of 600 members have elected to retain their funds within the PBA on leaving service/retiring speaks volumes for this facility.

It is eminently suitable for members who:

- Are taking early retirement but do not wish to draw down on their super just yet.
- Are moving to another job but would prefer to leave their account with CSSF.
- Are taking short or long term leave, paid or unpaid, but expect to return to their job in due course.
- Are about to retire and want to draw down monies, eg. through an Allocated Pension.

Through your PBA you can:

- Continue to make contributions (or not) personally or through a new employer.
- Continue to select an investment option that suits your particular circumstances.
- Continue some life cover (or not).
- Draw down some money as required, subject to the Preservation Rules.
- Aggregate other superannuation accounts that you may have elsewhere, eg. Life offices, banks, etc.
- Transfer to your new employer or to your own D.I.Y. Super fund.
- Convert to an Allocated Pension with all the benefits that flow therefrom.

N.B. 100% of your account is rolled over to the PBA without any deduction - in many external funds deductions of up to 4% apply to the transferred amount.

For more information please contact Craig Mason at the Secretariat Office on (03) 9691 2900.

Participating Schools

Divisions A & B

Aitken College
Ascension College
Bacchus Marsh Grammar School
Ballarat and Clarendon College
Ballarat and Queens Anglican Grammar School
Beaconhills Christian Community College
Belgrave Heights Christian School
Billanook College
Braemar College
Canberra Grammar School
Caulfield Grammar School
Christ Church Grammar School
Christian College Highton
Flinders College
Free Kindergarten Association of Australia
Gippsland Grammar
Goulburn Valley Grammar School
Haileybury College
Heathdale Christian College
The Knox School
Launceston Church Grammar School
Leibler Yavneh College
Macedon Grammar School
MLC School, Burwood - NSW
Mountain District Christian School
Mowbray College
Newhaven College
Overnewton Anglican Community College
Rossbourne School
Sophia Mundi Rudolf Steiner School
St Andrews Christian College
Sunshine Christian College
Taylors Schools Ltd
The Geelong College
The Village School
Trinity Anglican School - Cairns
Trinity Grammar School - Summerhill, NSW
Victorian Municipal Pre-School Association
Westernport Christian College
Yarra Valley Grammar School

Combined Schools Superannuation Fund
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